

## Spartan Stores, Inc. House Tax Policy & Senate Finance Committees

April 20, 2005

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## Michigan Overview

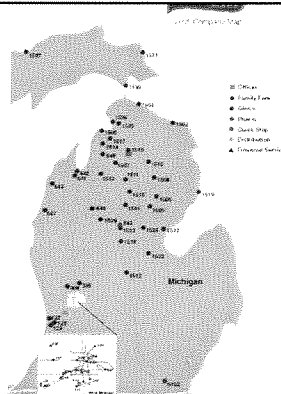
- Founded April 16, 1918 as a grocery cooperative
- Headquarters in Grand Rapids, MI – Publicly traded on NASDAQ
- Over 6,100 employees in Michigan; 900 in Ohio.
- #1 food wholesaler in Michigan, supplying over 300 independently owned and operated grocery stores from warehouses in Grand Rapids and Plymouth
- Leading conventional supermarkets in Grand Rapids (Family Fare), Northern Michigan (Glen's Markets), The Pharm (Adrian)
- Well maintained store base in attractive locations
- Largest chain (55) of non-unionized supermarkets



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## Michigan Overview

- Preferred employer in many communities
- Award winning private label offerings
- Dedicated to the communities we serve
- Commit \$25-\$30 million annually to capitol investment - money spent using hundreds of Michigan businesses



## Facilities and Related Payrolls & Benefits

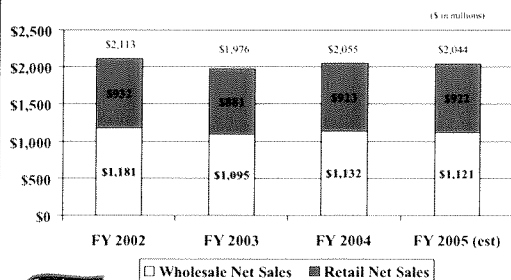


- Spartan distribution facilities and corporate offices – Plymouth and Byron Center
- 20 Family Fare supermarkets in the Grand Rapids metro area
- 34 Glen's supermarkets in Northern Michigan
- 1 Pharm Store in Adrian

Total Michigan Payroll & Benefits:  
\$182 million

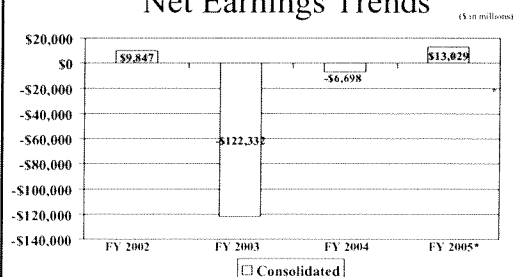
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## Sales Trends



Flat sales as markets absorb supercenters

## Net Earnings Trends



Over \$2 million in SBT was paid each year regardless of profitability

\* YTD 3 quarters ended 11/05 -- Annual FY 2005 estimated of \$17,000,000

## Recap of Michigan Taxes

### Recap of Current Costs

- \$4.5 million of real property taxes paid on 89 parcels at 78 locations
- \$1.2 million personal property tax
- \$2 million + in annual SBT

### Other MI only costs of doing business

- Bottle Deposit Law -- \$2.5 million
- Item Pricing Law -- \$1.5 million

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## SBT Proposal Impact

- Triple profit component
  - Former loss years would not benefit
  - Spartan getting “turned around” today
- Loss of excess compensation reduction
  - Retail is very labor intensive
- Gross receipts reduction
  - Grocery business is very low margin

Spartan

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## Meeting with Treasury

- Implications of proposal being reviewed following meeting last week
- Initial review shows \$1.8 million increase (\$1.2 million net impact)
- 7% of our estimated company profits for Fiscal 2005



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